

## Glossary

### *With References to Applicable Sections and Tables*

Source: Financial Management Service

**Accrued discount (SBN-1, -2, -3)**—Interest that accumulates on savings bonds from the date of purchase until the date of redemption or final maturity, whichever comes first. Series A, B, C, D, E, EE, F, I and J are discount or accrual type bonds—meaning principal and interest are paid when bonds are redeemed. Series G, H, HH and K are current-income bonds, and the semiannual interest paid to their holders is not included in accrued discount.

**Amounts outstanding and in circulation (USCC)**—Includes all issues by the Bureau of the Mint purposely intended as a medium of exchange. Coins sold by the Bureau of the Mint at premium prices are excluded; however, uncirculated coin sets sold at face value plus handling charge are included.

**Average discount rate (PDO-2, -3)**—In Treasury bill auctions, purchasers tender competitive bids on a discount rate basis. The average discount rate is the weighted, or adjusted, average of all bids accepted in the auction.

**Budget authority (“Federal Fiscal Operations”)**—Congress passes laws giving budget authority to Government entities, which gives the agencies the power to spend Federal funds. Congress can stipulate various criteria for the spending of these funds. For example, Congress can stipulate that a given agency must spend within a specific year, number of years, or any time in the future.

The basic forms of budget authority are appropriations, authority to borrow, contract authority, and authority to obligate and expend offsetting receipts and collections. The period of time during which Congress makes funds available may be specified as 1-year, multiple-year or no-year. The available amount may be classified as either definite or indefinite; a specific amount or an unspecified amount can be made available. Authority may also be classified as current or permanent. Permanent authority requires no current action by Congress.

**Budget deficit**—The total, cumulative amount by which budget outlays (spending) exceed budget receipts (income).

**Cash management bills (PDO-2)**—Marketable Treasury bills of irregular maturity lengths, sold periodically to fund short-term cash needs of Treasury. Their sale, having higher minimum and multiple purchase requirements than those of other issues, is generally restricted to competitive bidders.

**Competitive tenders (“Treasury Financing Operations”)**—A bid to purchase a stated amount of one issue of Treasury securities at a specified yield or discount. The bid is accepted if it is within the range accepted in the auction. (See Noncompetitive tenders.)

**Coupon issue**—The issue of bonds or notes (public debt).

**Currency no longer issued (USCC)**—Old and new series gold and silver certificates, Federal Reserve notes, national bank notes and 1890 Series Treasury notes.

**Current income bonds (“U.S. Savings Bonds and Notes”)**—Bonds paying semiannual interest to holders. Interest is not included in accrued discount.

**Debt outstanding subject to limitation (FD-6)**—The debt incurred by the Treasury subject to the statutory limit set by Congress. Until World War I, a specific amount of debt was authorized to each separate security issue. Beginning with the Second Liberty Loan Act of 1917, the nature of the limitation was modified until, in 1941, it developed into an overall limit on the outstanding Federal debt. As of December 1999, the debt limit was \$5,950,000 million; the limit may change from year to year.

The debt subject to limitation includes most of Treasury’s public debt except securities issued to the Federal Financing Bank, upon which there is a limitation of \$15 billion, and certain categories of older debt (totaling approximately \$595 million as of February 1991).

**Discount**—The interest deducted in advance when purchasing notes or bonds. (See Accrued discount.)

**Discount rate (PDO-2)**—The difference between par value and the actual purchase price paid, annualized over a 360-day year. Because this rate is less than the actual yield (coupon-equivalent rate), the yield should be used in any comparison with coupon issue securities.

**Dollar coins (USCC)**—Include standard silver and non-silver coins.

**Domestic series (FD-2)**—Nonmarketable, interest and non-interest-bearing securities issued periodically by Treasury to the Resolution Funding Corporation (RFC) for investment of funds authorized under section 21B of the Federal Home Loan Bank Act (12 United States Code 1441b).

**Federal intrafund transactions (“Federal Fiscal Operations”)**—Intra-budgetary transactions in which payments and receipts both occur within the same Federal fund group (Federal funds or trust funds).

**Federal Reserve notes (USCC)**—Issues by the U.S. Government to the public through the Federal Reserve Banks and their member banks. They represent money owed by the Government to the public. Currently, the item “Federal Reserve notes—amounts outstanding” consists of new series issues. The Federal Reserve note is the only class of currency currently issued.

**Foreign (“Foreign Currency Positions,” IFS-2, -3)**—Locations other than those included under the definition of the United States. (See United States.)

**Foreigner (“Capital Movements,” IFS-2)**—All institutions and individuals living outside the United States, including U.S. citizens living abroad, and branches, subsidiaries, and other affiliates abroad of U.S. banks and business concerns; central governments, central banks, and other official institutions of countries other than the United States, and international and regional organizations, wherever located. Also, refers to persons in the United States to the extent that they are known by reporting institutions to be acting for foreigners.

**Foreign official institutions (“Capital Movements”)**—Includes central governments of foreign countries, including all

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departments and agencies of national governments; central banks, exchange authorities, and all fiscal agents of foreign national governments that undertake activities similar to those of a treasury, central bank, or stabilization fund; diplomatic and consular establishments of foreign national governments; and any international or regional organization, including sub-ordinate and affiliate agencies, created by treaty or convention between sovereign states.

**Foreign public borrower (“Capital Movements”)**—Includes for eign of fi cial in sti tu tions, as de fined above, the corporations and agencies of foreign central governments, including development banks and institutions, and other agencies that are majority-owned by the central government or its departments; and state provincial and local governments of for eign coun tries and their de part ments and agen cies.

**Foreign-targeted issue (PDO-1, -3)**—Foreign-targeted issues were notes sold between October 1984 and February 1986 to for eign in sti tu tions, for eign branches of U.S. in sti tu tions, for eign cen tral banks or mon e tary au thor i ties, or to international organizations in which the United States held membership. Sold as companion issues, they could be converted to domestic (normal) Treasury notes with the same maturity and interest rates. Interest was paid annually.

**Fractional coins (USCC)**—Coins minted in denominations of 50, 25, and 10 cents, and minor coins (5 cents and 1 cent).

**Government account series (FD-2)**—Certain trust fund statutes require the Secretary of the Treasury to apply monies held by these funds to ward the is su ance of non market able spe cial se cu ri ties. These se cu ri ties are sold di rectly by Treasury to a spe cific Gov ern ment agency, trust fund or account. Their rate is based on an average of market yields on out stand ing Treasury ob li ga tions, and they may be re deemed at the op tion of the holder. Roughly 80 per cent of these are is sued to five holders: the Federal Old-age and Sur vi vors In sur ance Trust Fund; the civil service retirement and disability fund; the Federal Hos pi tal In sur ance Trust Fund; the mil i tary re tire ment fund; and the Un em ploy ment Trust Fund.

**Interfund transactions (“Federal Fiscal Operations”)**—Transactions in which payments are made from one fund group (ei ther Fed eral funds or trust funds) to a receipt account in an other group.

**International Monetary Fund (“Exchange Stabilization Fund,” IFS-1)**—(IMF) Established by the United Nations, the IMF pro motes in ter na tional trade, sta bil i ty of ex change and mon e tary co op er a tion. Members are allowed to draw from the fund.

**Intrabudgetary transactions (“Federal Fiscal Operations”)**—These oc cur when pay ment and receipt both oc cur within the bud get, or when pay ment is made from off-budget Federal en ti ties whose bud get au thor i ty and out lays are ex cluded from the bud get to tals.

**Matured non-interest-bearing debt (SBN-1, -2, -3)**—The value of outstanding savings bonds and notes that have reached fi nal ma tu ri ty and no longer earn interest. Includes all Se ries A-D, F, G, I, J and K bonds. Se ries E bonds (is sued between May 1941 and November 1965), Series EE (issued since Jan u ary 1980), Series H (is sued from June 1952 through De cem ber 1979), and sav ings notes is sued be tween May 1967

and Oc to ber 1970 have a fi nal ma tu ri ty of 30 years. Se ries HH bonds (is sued since Jan u ary 1980) ma ture af ter 20 years.

**Noncompetitive tenders (“Treasury Financing Operations”)**—Of fers by an in ves tor to pur chase Treasury se cu ri ties at the price equiv a lent to the weighted av er age dis count rate or yield of ac cepted com pet i tive tenders in a Treasury auc tion. Noncompetitive tenders are al ways ac cepted in full.

**Off-budget Federal entities (“Federal Fiscal Operations”)**—Federally owned and controlled entities whose trans ac tions are ex cluded from the bud get to tals un der pro vi sions of law. Their receipts, out lays, and sur plus or def i cit are not in cluded in bud get receipts, out lays or def i cits. Their bud get au thor i ty is not in cluded in to tals of the bud get.

**Outlays (“Federal Fiscal Operations”)**—Pay ments on ob li ga tions in the form of cash, checks, the is su ance of bonds or notes, or the ma tu ring of in ter est coupons.

**Own foreign offices (“Capital Movements”)**—Refers to U.S. reporting institutions’ parent organizations, branches and/or majority-owned subsidiaries located outside the United States.

**Par value**—The face value of bonds or notes, in clud ing in ter est.

**Quarterly financing (“Treasury Financing Operations”)**—Treasury has his tor i cally of fered pack ages of sev eral “cou pon” se cu ri ty is su es on the 15th of Feb ru ary, May, Au gust and No vember, or on the next work ing day. These is su es cur rently consist of a 3-year note, a 10-year note and a 30-year bond. Treasury some times of fers ad di tional amounts of out stand ing long-term notes or bonds, rather than sell ing new se cu ri ty is su es. (See Re open ing.)

**Receipts (“Federal Fiscal Operations”)**—Funds col lected from sell ing land, cap i tal, or ser vices, as well as col lec tions from the pub lic (bud get receipts), such as taxes, fines, du ties, and fees.

**Reopening (PDO-3, -4)**—The offer for sale of additional amounts of out stand ing is su es, rather than an en ti re ly new is sue. A re opened is sue will al ways have the same ma tu ri ty date, CUSIP-number and in ter est rate as the orig i nal is sue.

**Special drawing rights (“Exchange Stabilization Fund,” IFS-1)**—In ter na tional as sets cre ated by IMF that serve to in crease in ter na tional li quid i ty and pro vide ad di tional in ter na tional reserves. SDRs may be purchased and sold among eli gi ble hold ers through IMF. (See IMF.)

SDR al lo ca tions are the coun ter part to SDRs is sued by IMF based on members’ quotas in IMF. Al though shown in ex change sta bil i za tion fund (ESF) state ments as li a bil i ties, they must be re deemed by ESF only in the event of li qu i da tion of, or U.S. with drawal from, the SDR de part ment of IMF or can cel la tion of SDRs.

SDR cer ti fi cates are is sued to the Fed eral Re serve Sys tem against SDRs when SDRs are le gal ized as money. Pro ceeds of mon e ti za tion are de pos ited into an ESF ac count at the Fed eral Re serve Bank of New York.

**Spot (“Foreign Currency Positions”)**—Due for receipt or de liv ery with in 2 work days.

**State and local government series (FD-2)**—(SLUGs) Spe cial non market able cer ti fi cates, notes and bonds offered to

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State and local governments as a means to invest proceeds from their own tax-exempt financing. Interest rates and maturities comply with IRS arbitrage provisions. SLUGs are offered in both time deposit and demand deposit forms. Time deposit certificates have maturities of up to 1 year. Notes mature in 1 to 10 years and bonds mature in more than 10 years. Demand deposit securities are 1-day certificates rolled over with a rate adjustment daily.

**Statutory debt limit (FD-6)**—By Act of Congress there is a limit, either temporary or permanent, on the amount of public debt that may be outstanding. When this limit is reached, Treasury may not sell new debt issues until Congress increases or extends the limit. For a detailed listing of changes in the limit since 1941, see the Budget of the United States Government. (See debt outstanding subject to limitation.)

**STRIPS (PDO-1, -3)**—Separate Trading of Registered Interest and Principal Securities. Long-term notes and bonds may be divided into principal and interest-paying components,

which may be transferred and sold in amounts as small as \$1,000. STRIPS are sold at auction at a minimum par amount, varying for each issue. The amount is an arithmetic function of the issue's interest rate.

**Treasury bills**—The shortest term Federal security (maturity dates normally varying from 3 to 12 months), they are sold at a discount.

**Trust fund transaction (“Federal Fiscal Operations”)**—An intra-budgetary transaction in which both payments and receipts occur within the same trust fund group.

**United States**—Includes the 50 States, District of Columbia, Commonwealth of Puerto Rico, American Samoa, Midway Island, Virgin Islands, Wake Island and all other territories and possessions.

**U.S. notes (USCC)**—Legal tender notes of five different issues: 1862 (\$5-\$1,000 notes); 1862 (\$1-\$2 notes); 1863 (\$5-\$1,000 notes); 1863 (\$1-\$10,000 notes); and 1901 (\$10 notes).